

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Menominee & Ingallston Twnshp Trans Station	County Menominee
Audit Date 3/31/04	Opinion Date 6/3/04	Date Accountant Report Submitted to State: 8/24/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) Schenck SC			
Street Address 2200 Riverside Drive PO Box 23819		City Green Bay	State WI
		ZIP 54305-3819	
Accountant Signature <i>Schenck SC</i>			Date <i>8/24/04</i>

**MENOMINEE & INGALLSTON
TOWNSHIP TRANSFER STATION**

MENOMINEE COUNTY, MICHIGAN

ANNUAL FINANCIAL REPORT

MARCH 31, 2004

MENOMINEE & INGALLSTON TOWNSHIP TRANSFER STATION
MENOMINEE COUNTY, MICHIGAN
March 31, 2004

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INDEPENDENT AUDITORS' REPORT ON GENERAL-PURPOSE FINANCIAL STATEMENTS

To the Menominee & Ingallston Township Transfer Station Board
Menominee County, Michigan

We have audited the accompanying general-purpose financial statements of the Menominee & Ingallston Township Transfer Station, Menominee County, Michigan, (a joint venture to the Townships of Menominee and Ingallston) as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Menominee & Ingallston Township Transfer Station's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Menominee & Ingallston Township Transfer Station, Menominee County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2004, on our consideration of the Menominee & Ingallston Township Transfer Station's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Menominee & Ingallston Township Transfer Station, Menominee County, Michigan, taken as a whole. The financial information listed in the table of contents as supplemental information is presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.



Certified Public Accountants
Green Bay, Wisconsin
June 3, 2004

GENERAL-PURPOSE FINANCIAL STATEMENTS

MENOMINEE & INGALLSTON TOWNSHIP TRANSFER STATION

MENOMINEE COUNTY, MICHIGAN

Combined Balance Sheet - All Funds and Account Groups

March 31, 2004

With Comparative Amounts for March 31, 2003

	Governmental Fund Type	Account Group	Totals (Memorandum Only)	
	General	General Fixed Assets	2004	2003
ASSETS				
Cash	\$ 14,392	\$ -	\$ 14,392	\$ 14,098
Fixed Assets				
Land	-	2,000	2,000	2,000
Buildings and improvements	-	22,910	22,910	22,910
Machinery and equipment	-	1,251	1,251	-
TOTAL ASSETS	\$ 14,392	\$ 26,161	\$ 40,553	\$ 39,008
LIABILITIES AND FUND EQUITY				
Liabilities				
Vouchers payable	\$ 1,536	\$ -	\$ 1,536	\$ 957
Fund Equity				
Investment in general fixed assets	-	26,161	26,161	24,910
Fund balance				
Designated for subsequent year budget	12,856	-	12,856	13,000
Undesignated	-	-	-	141
Total Fund Equity	12,856	26,161	39,017	38,051
TOTAL LIABILITIES AND FUND EQUITY	\$ 14,392	\$ 26,161	\$ 40,553	\$ 39,008

The notes to the general-purpose financial statements are an integral part of this statement.

MENOMINEE & INGALLSTON TOWNSHIP TRANSFER STATION
MENOMINEE COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Year Ended March 31, 2004
With Comparative Actual Amounts for Year Ended March 31, 2003

	2004	2003
Revenue		
Charges for services	\$ 28,070	\$ 26,838
Miscellaneous	2,044	379
Total Revenue	<u>30,114</u>	<u>27,217</u>
Expenditures		
Current		
Public works	<u>30,399</u>	<u>25,308</u>
Excess of Revenues Over (Under) Expenditures	(285)	1,909
Fund Balance - April 1	<u>13,141</u>	<u>11,232</u>
Fund Balance - March 31	<u>\$ 12,856</u>	<u>\$ 13,141</u>

The notes to the general-purpose financial statements are an integral part of this statement.

MENOMINEE & INGALLSTON TOWNSHIP TRANSFER STATION
MENOMINEE COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended March 31, 2004
With Comparative Actual Amounts for Year Ended March 31, 2003

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Revenue				
Intergovernmental				
Menominee Township	\$ -	\$ -	\$ -	\$ -
Ingallston Township	-	-	-	-
Charges for services	25,200	28,070	2,870	26,838
Miscellaneous	-	2,044	2,044	379
Total Revenue	<u>25,200</u>	<u>30,114</u>	<u>4,914</u>	<u>27,217</u>
Expenditures				
Current				
Public works	<u>38,200</u>	<u>30,399</u>	<u>7,801</u>	<u>25,308</u>
Excess of Revenues Over (Under) Expenditures	(13,000)	(285)	12,715	1,909
Fund Balance - April 1	<u>3,381</u>	<u>13,141</u>	<u>9,760</u>	<u>11,232</u>
Fund Balance - March 31	<u>\$ (9,619)</u>	<u>\$ 12,856</u>	<u>\$ 22,475</u>	<u>\$ 13,141</u>

The notes to the general-purpose financial statements are an integral part of this statement.

MENOMINEE & INGALLSTON TOWNSHIP TRANSFER STATION
MENOMINEE COUNTY, MICHIGAN
Notes to General-Purpose Financial Statements
March 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements to the Menominee & Ingallston Township Transfer Station, Menominee County Michigan, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Menominee and Ingallston Township Transfer Station are described below:

1. The Financial Reporting Entity

The Menominee and Ingallston Township Transfer Station is a joint venture between Menominee and Ingallston Townships in Menominee County, Michigan, formed to provide garbage collection services to both Townships' residents. The Transfer Station operates under a ten-member board consisting of the Menominee and Ingallston Township Board members.

2. Fund Accounting

The accounts of the Transfer Station are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Financial transactions of the Transfer Station and the results thereof are presented in the financial statements as follows:

GOVERNMENTAL FUND

General Fund - The general fund is the general operating fund of the transfer station. It is used to account for all financial resources.

ACCOUNT GROUPS

Account Groups are not funds as they reflect only financial position as of a certain date and do not involve the measurement of operations. The following account group is used by the Transfer Station:

General Fixed Assets - The general fixed asset account group is used to account for fixed assets acquired principally for general government purposes.

MENOMINEE & INGALLSTON TOWNSHIP TRANSFER STATION
MENOMINEE COUNTY, MICHIGAN
Notes to General-Purpose Financial Statements
March 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The measurement focus and basis of accounting used for the Transfer Station fund follows:

GOVERNMENTAL FUNDS

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amounts of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. All significant revenue sources are treated as "susceptible to accrual".

4. Budgets and Budgetary Accounting

The Transfer Station follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. During March, the Transfer Station Board proposes an operating budget for the fiscal year commencing April 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the Menominee and Ingallston Township Boards, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget including authorized additions and deletions, is legally enacted by the Township Boards' action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device.
- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Transfer Station. Amendments to the budget during the year require approval by the Transfer Station Board.
- e. Encumbrance accounting is not used by the Transfer Station to record commitments related to unperformed contracts for goods and services.

MENOMINEE & INGALLSTON TOWNSHIP TRANSFER STATION
MENOMINEE COUNTY, MICHIGAN
Notes to General-Purpose Financial Statements
March 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Cash

Cash consists of demand deposits with financial institutions and are carried at cost.

6. Fund Equity

Under the provisions of GASB Statement No. 1, the Transfer Station may establish reserves for those portions of fund equity not appropriable for expenditure or which are legally segregated for a specific future use. Fund equity designations also may be established to indicate tentative plans for financial resource utilization in a future period.

7. General Fixed Assets

Fixed assets of the Transfer Station are valued at either historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. Fixed assets are recorded in the general fixed asset account group and are not capitalized in the funds used to acquire or construct them. The expenditures for the acquisition and construction are reflected in government funds, and the related assets are reported in the general fixed assets account group. Assets in the general fixed assets account group are not depreciated.

NOTE B - CASH

The carrying value of cash of the Transfer Station totaled \$14,392 on March 31, 2004, and consisted of demand deposits with financial institutions.

Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts. The bank balances of the Transfer Station's deposits totaled \$15,540 on March 31, 2004. All amounts were covered by FDIC insurance.

NOTE C - RISK MANAGEMENT

The Transfer Station has purchased commercial insurance policies for various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; injuries to employees; or acts of God. Payments of premiums for these policies are recorded as expenditures in the general fund of the Transfer Station.

NOTE D - CONTINGENT LIABILITIES

From time to time, the Transfer Station is party to pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Transfer Station's financial position or results of operations.

SUPPLEMENTAL INFORMATION

MENOMINEE & INGALLSTON TOWNSHIP TRANSFER STATION

MENOMINEE COUNTY, MICHIGAN

General Fund

Detailed Comparison of Budgeted and Actual Expenditures

For the Year Ended March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Public works				
Salaries and benefits	\$ 12,300	\$ 12,491	\$ (191)	\$ 11,087
Trucking	10,500	8,525	1,975	8,134
Insurance	3,500	3,213	287	2,879
Supplies and repairs	600	390	210	402
Electricity	400	345	55	266
Snowplowing	-	1,855	(1,855)	549
Telephone	600	469	131	493
Professional services	-	850	(850)	825
Miscellaneous	3,300	1,010	2,290	673
Capital outlay	4,000	1,251	2,749	-
Contingency	3,000	-	3,000	-
Total Expenditures	<u>\$ 38,200</u>	<u>\$ 30,399</u>	<u>\$ 7,801</u>	<u>\$ 25,308</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR GENERAL-PURPOSE FINANCIAL STATEMENTS**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Menominee & Ingallston Township Transfer Station Board
Menominee County, Michigan

We have audited the financial statements of the Menominee & Ingallston Township Transfer Station, Menominee County, Michigan, as of and for the year ended March 31, 2004, and have issued our report thereon dated June 3, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Menominee & Ingallston Township Transfer Station's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Menominee & Ingallston Township Transfer Station's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

The report is intended solely for the information and use of management and the Board, and is not intended to be and should not be used by anyone other than these specified parties

Schenck SC

Certified Public Accountants
Green Bay, Wisconsin
June 3, 2004